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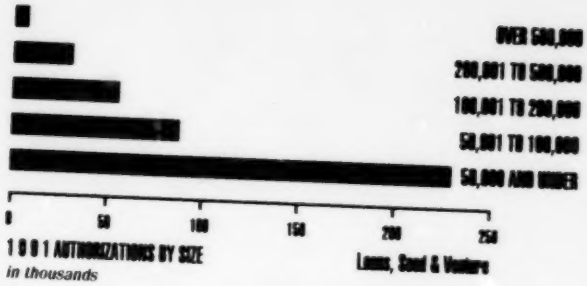


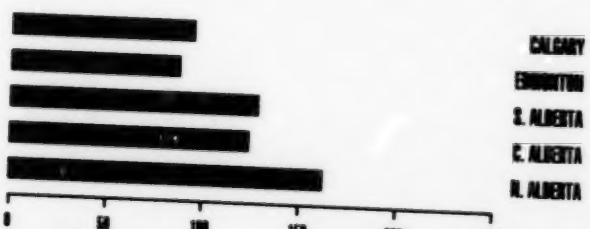
1991 AUTHORIZATIONS BY SIZE
in thousands

Lease, Seed & Venture

1991 AUTHORIZATIONS, BY REGION
in thousands

All Company Divisions

HIGHLIGHTS



TOTAL AUTHORIZATIONS BY REGION
To March 31, 1991

All Company Divisions

Entrepreneurs are the heart of Alberta's dynamic, vibrant economy. We, at Alberta Opportunity Company, are committed to nurturing this valuable human resource. By providing critical financial and management support, we are enabling small businesses to thrive and prosper.

ROY W. PARKER
President and CEO

JACK DONALD
Chairman

The innovative spirit of Albertans is the lifeblood of our organization. We value their vitality and are inspired by the opportunity they represent. Our mission, to cultivate their business aspirations and help make our province the best that it can be, endures.

Alberta Opportunity Company continues to play an important role in diversifying the province's economy through providing vital financial and management assistance to small and medium-size businesses.

As an alternative lending and investment source, AOC has contributed substantially to the growth of small business, which accounts for 97 per cent of commerce in Alberta. Since its establishment in 1972, more than 6,000 private sector enterprises have emerged as players in the province's thriving economy.

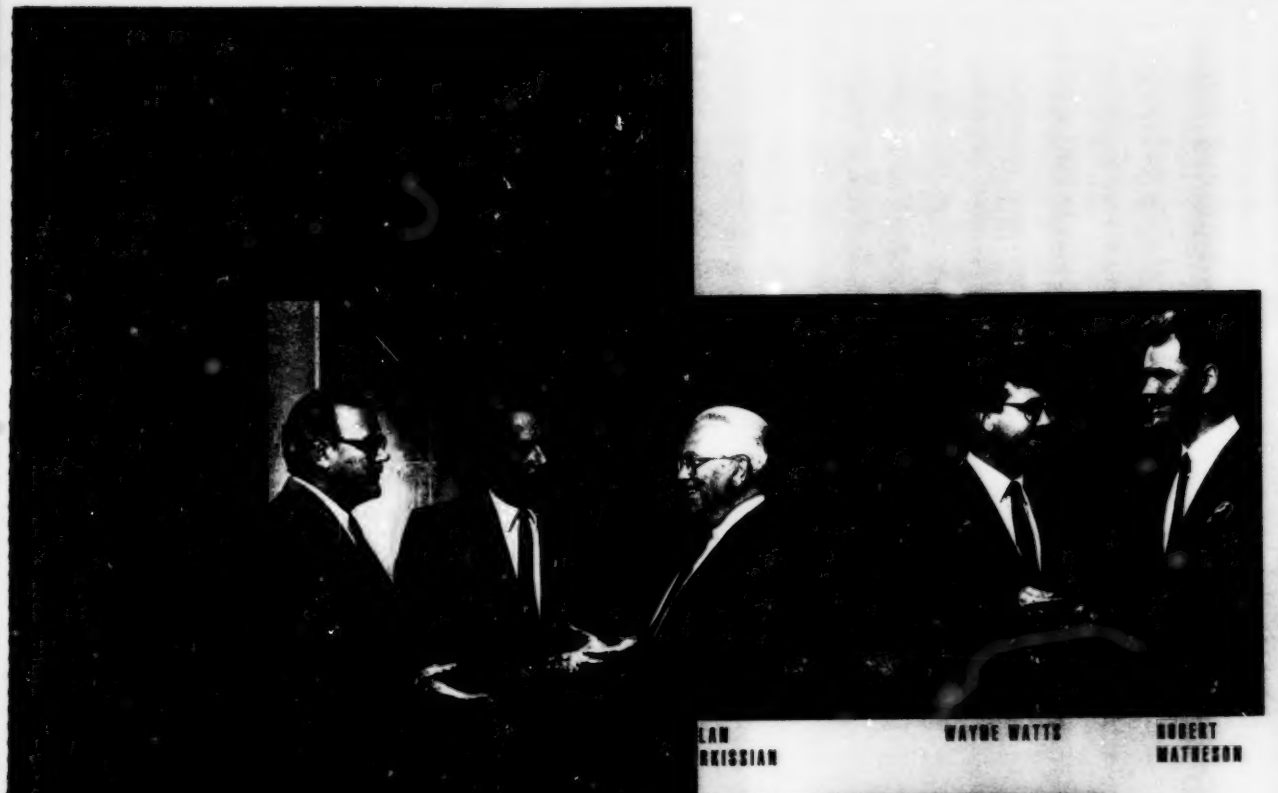
Fiscal year 1991 proved to be one of AOC's most outstanding years, with more than 460 loans approved and 28 investment deals closed. Despite recessionary times, Alberta endured as a solid base for promising business ventures.

BOARD OF DIRECTORS

AOC's Lending Division once again played an integral role in encouraging business development in Alberta. This area continued to build upon the province's economic foundation by focusing on the aspirations of forward-thinking entrepreneurs.

More emphasis than ever was placed this fiscal year on client service. Increased computerization and staff training are enabling the division to expedite lending transactions to the borrowers' greatest advantage.

This strong commitment to facilitating business opportunities in Alberta



LAN
RKISSIAN

WAYNE WATTS

ROBERT
MATHESON

ROY W. PARKER

JOANNE MCLAU

HAROLD HANNAH

JON SEPKOWSKI

extended into AOC's consulting services branch. As a complement to the Lending Division, this area assists borrowers in implementing effective management procedures.

The demand for this service was higher than ever last year, with a record number of consulting assignments completed. More and more entrepreneurs recognize the value of sound information and rely on AOC's advice to improve their business' chances for success.

Our efforts to encourage solid management practices have proven worthwhile. We are proud to report that demand for our consulting services grew last fiscal year. Increased awareness of effective operating strategies is, and will continue to be, the mainstay of prosperous business ventures in the 1990s.

AOC's equity investment activities continue to reflect the province's mandate of focusing on technological development as a means of diversifying our economy. Through our Seed and Venture Funding Divisions, we are providing innovative entrepreneurs with the opportunity to transform leading-edge ideas into profitable business enterprises.

We remain confident the ultimate successes achieved from these high-risk investments will counterbalance any losses which may occur and more importantly, strengthen Alberta's global competitiveness.

BOARD OF DIRECTORS

In addition to lending and investment-related activities, AOC maintains its commitment to helping Alberta's entrepreneurs achieve the highest possible degree of commercial success.

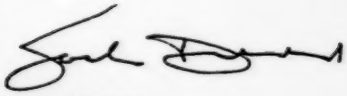
During fiscal year 1991, our Conference Division continued to lead the way in providing hands-on business education. Through its annual Entrepreneurs' Conference and innovative seminars, hundreds of Albertans received valuable insight into fulfilling their aspirations and contributing to the vitality of our province.

Despite an unfavorable Canadian economy, Alberta remained the home of an enduring, resilient entrepreneurial community. It is AOC's goal to continue working with this valuable resource to further cultivate our province's diverse business sector.

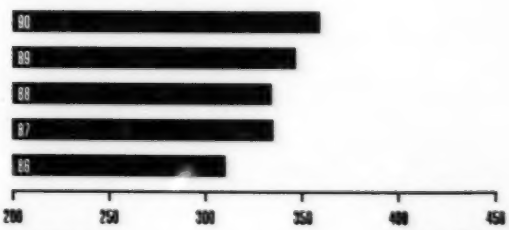
In the upcoming year, we will strive to meet our objectives through the support of private sector partners and our employees' deep and lasting commitment to the success of our programs.

AOC's board of directors, management and staff remain excited with their role in furthering the growth and prosperity of Alberta. By adapting to change, embracing progress and encouraging achievement, we will continue successfully turning opportunity into enterprise.

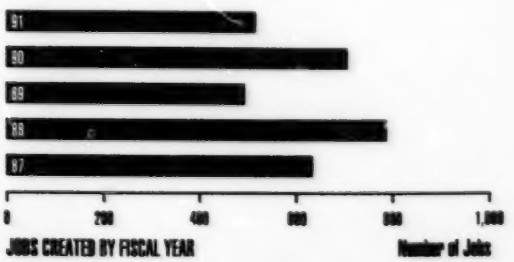
PRESIDENT AND CEO
ROY W. PARKER



JACK DONALD
CHAIRMAN



From September to June, 1990



The challenge of recognizing the potential of viable business opportunities is met on a day-to-day basis by AOC's Lending Division. When traditional lenders cannot assist a promising new venture, we attempt to provide innovative financing to meet their needs.

Through our efforts, we have helped turn hundreds of valuable business ideas into profitable ventures.

While our level of lending activity remained relatively high in 1990-91, a drop in applications during the latter part of the year can be attributed, in part, to tough economic times. This business climate also prompted a number of applicants to abandon their plans. However, the Lending Division's overall performance of the past year indicates the recession did not seriously inhibit the progressive spirit of enterprising Albertans.

In keeping with AOC's commitment to accessibility, lending services were delivered throughout Alberta, via our 12 branch

offices. In addition, we further promoted our services last year by participating in 343 advertised visits to more than 100 communities. These undertakings not only increased availability of AOC services, but also provided our credit officers with the opportunity to familiarize themselves with the unique needs and circumstances of rural Alberta.

During the past fiscal year, we processed a total of 946 loan applications valued at more than $97 million. Altogether, 389 loans averaging $74,000 were approved, for a total allocation of $28.9 million.

A diverse group of businesses is making use of AOC's lending services. Last year, loans were approved for a variety of enterprises ranging from a one-man record store operation to a large supermarket. Our scope of borrowers included aggressive new operators in their early 20s, as well as seasoned industry veterans.

As in previous years, the majority of AOC loans were directed in 1990-91 towards business expansion. More than 200 loans were focused on this area, while the remaining 179 loans we approved were divided between the purchase of existing operations and start-up of new enterprises.

All of these loans are making a positive contribution to Alberta's employment statistics. AOC's lending activities helped create 519 new positions and secured jobs at businesses already employing a total of 1,570 workers. Many of these positions are located outside of major urban centres, helping maintain the vitality of rural Alberta.

Our company continued to exercise sound lending practices to ensure it responsibly contributes to Alberta's economy by fostering long-term, winning business ventures.

BILL CONROY
Assistant
Vice-President,
Lending

ERNIE SHMYR
Manager,
Red Deer Branch

Our borrowers must demonstrate there is a demand for their product or service, prove they have a strong management background and invest their own finances into the business. In addition, sales projections must be realistic and profitability is a determinant in securing funding assistance.

To keep up with the fast pace of business development, AOC concentrated this past fiscal year on increasing its efficiency. Our 12 branch offices were fully computerized, resulting in a quicker turn-around period for loan authorization. An offer of financing, which in the past took four to five business days to process through the postal system, can now be delivered in less than 48 hours.

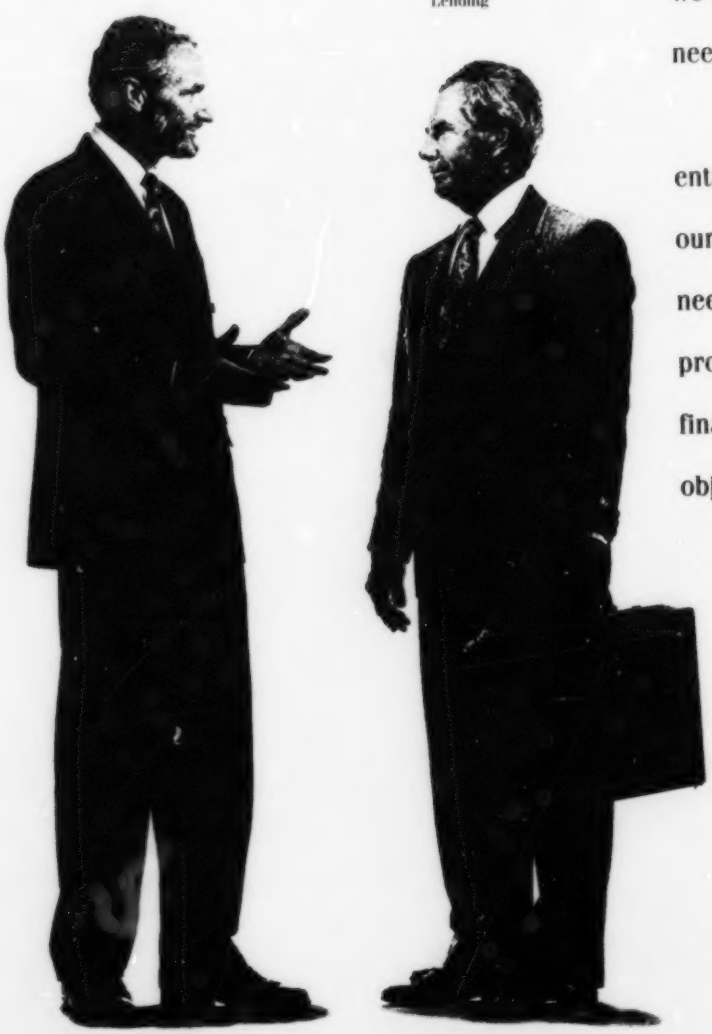
Our focus on service extended into making more effective use of our human resources through a realignment process and promoting professional development in all of our branches.

The challenge of the upcoming year is to build upon our increased productivity while maintaining the quality of AOC's lending practices. To enhance our effectiveness, we must also ensure we are alert to the distinct needs of small and growing businesses.

The hardy spirit of our entrepreneurs is the key to Alberta's success. It is our goal to continue providing the assistance they need to maximize business development in our province. Greater public awareness of our financing capabilities will help us meet this objective.

ART FOULSTON
Manager,
Edmonton Branch

WAYNE BLAIR
Assistant
Vice-President,
Lending



Our Venture Funding Division is expanding its investment portfolio and in turn, providing vital support to innovative entrepreneurs on the brink of capitalizing on exceptional business opportunities.

While we continue to give priority to leading-edge technology companies, our investment mandate also encompasses manufacturing concerns, forest products or tourism-related enterprises.

Fiscal year 1991 proved to be an extremely challenging time for our Venture Funding Division, with publicly funded investment deals attracting significant media attention. While recognizing the apprehension surrounding high-risk undertakings, AOC remained confident in achieving its goal of contributing to the growth and long-term endurance of Alberta's economy.

Out of the 300 enquiries we received for investment capital last year, 13 fell within the parameters of our funding mandate. A total of $4.1 million was allotted to these

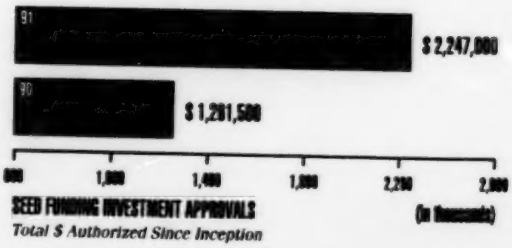
promising enterprises which varied from a high-tech hydroponic vegetable producer to a manufacturer of disposable diagnostic kits designed for water contamination detection in Third World countries.

Venture investments generally range from $250,000 to upwards of $1.5 million. In all of our projects, we continue to seek a high rate of return.

The most critical issue in any venture deal is the assessment of management. We endeavour to invest in companies with strong leadership and reinforce it by playing an active role in operations. Emerging companies face many pitfalls and we are committed to helping our investee firms overcome any difficulties which may impede their progress.

During the upcoming year, we intend to increase our portfolio by at least five new ventures, while meeting the growth requirements of our existing investments. Our main challenge is to identify suitable investees and assist them in implementing strategies which will enable them to realize their potential for success.

In the long-term, our Venture Funding Division will continue striving to achieve positive results from all of its affiliate companies for the benefit of the entire provincial economy.


91
$ 2,247,000
90
$ 1,281,500
000
1,000
1,400
1,800
2,200
2,600
SEED FUNDING INVESTMENT APPROVALS
(In thousands)
Total $ Authorized Since Inception

Through AOC's Seed Funding Division, we are providing ingenious entrepreneurs with the opportunity to realize their ambitions and develop their own unique ideas into marketable products.

Investment activities encompass product research, development and testing, patent registration and market feasibility studies. By backing a product in its early stages of development, we are not only assisting in the diversification of Alberta's economy but stand to gain a substantial return on minimal expenditure.

The innovative spirit of Albertans endured during fiscal year 1991, with a total of 373 seed funding inquiries made. After thorough analysis, we approved $2.2 million in investments focusing on 14 ventures.

Our seed investments encompass a wide spectrum of products including physical rehabilitation equipment, computer aided speech prosthesis for the severely disabled and a variety of consumer goods.

When contributing to development of innovative products, we strive for an annual return rate of 30 to 40 per cent. The Seed Funding Division has been operating for less than two years and we have yet to realize substantial gains from our ventures. However, a number of companies in our portfolio are making impressive advances and we expect these investments to mature in roughly five years.

Since the division's inception, we have learned that due to technical and related problems, it often takes products longer than anticipated to reach the commercial stage. We also realize that for a successful investment, it is essential to maintain a strong partnership with the client and to develop a competent management team..

Our experience over the past few years will enable us to continue making sound investments with excellent profit potential. It is our goal to increase awareness of our operation and capture the attention of the many resourceful entrepreneurs in rural Alberta.

AOC's seed funding activities stem from the creativeness of our clients. We continue to be impressed by the array of new products under development and are excited by the promise they hold as major players in Alberta's economy. Capitalizing on these ideas will remain our prime objective.

Successful enterprises are not borne by money alone; and it was on this premise that AOC's innovative Conference Division was established.

Since its inception in 1988, this area has focused on fostering entrepreneurship through comprehensive marketing strategies and resourceful educational programs. Our mission is to provide industrious Albertans with the crucial knowledge they need to dive into business without drowning in a sea of red ink.

We have achieved this through the vital support of our many private sector partners. They share our conviction that information fuels the entrepreneurial machine, and support this cause by sponsoring our business programs.

The division's annual Entrepreneurs' Conference has proved to be one of our most outstanding triumphs in terms of sharing valuable information with our province's entrepreneurs. Over the past three years, more

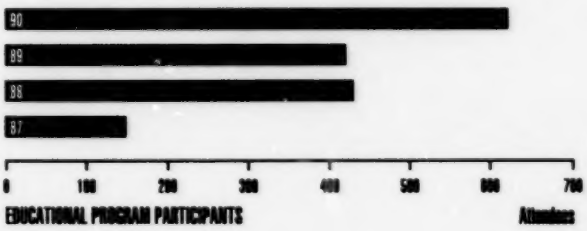
than 1,500 delegates have been offered the unique opportunity of tapping into the knowledge base of prominent business operators and capitalizing on their experience.

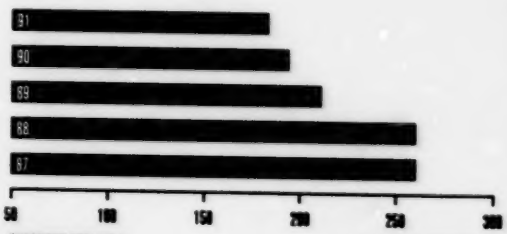
This innovative approach gives participants the chance to build valuable business networks. Our programs also provide entrepreneurs with a time-saving means of accumulating significant amounts of practical information. Armed with knowledge, they are able to enter the competitive marketplace with more realistic expectations and a better chance for survival.

During fiscal 1991, more than 630 people attended our annual conference and small business seminars. In addition, the division showcased AOC's services through a variety of promotional campaigns.

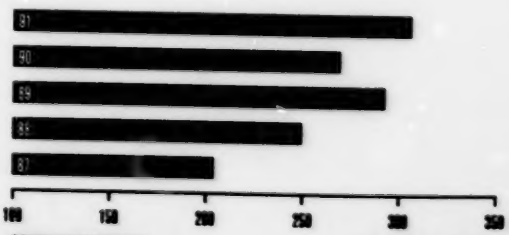
By emphasizing the need for effective management, we are helping develop a strong business community capable of making exceptional contributions to our economy.

It is the aggressive, energetic spirit of progressive Albertans which kindles our educational endeavours. Our objective is to continue nurturing successful entrepreneurs through meeting their ever growing, constantly changing information needs.





To March 31, 1991



To March 31, 1991

The Support Services Division provides AOC with the assistance needed for continued, effective operation. Through carrying out its broad mandate pertaining to business consultation, debt recovery and disbursement activities, it is strengthening our proficiency.

In the area of consulting services, we are making a concentrated effort to help AOC-funded ventures prosper. During fiscal year 1991, we handled a record number of assignments, reflecting the growing importance of solid management practices in today's competitive marketplace. Of the 306 projects completed, business operators were advised on a wide variety of issues ranging from productive marketing to effective computer usage.

Response to AOC's consulting component has been extremely positive, with more and more entrepreneurs seeking our recommendations as sound advice for strengthening their operations. We anticipate usage of this service will continue to increase as

businesses strive to survive in a challenging environment.

As operators become more competent and the economy improves, we are witnessing a reduction in delinquent AOC loans. Over the past few years, our Special Debts area has experienced a decline in its collection activities. This positive trend enabled us in 1990-91 to downsize this department.

During the past year, AOC's Legal and Disbursement unit administered technical support to our lending, venture and seed funding divisions. Our in-house counsel provided essential services to more than 200 accounts. Along with accommodating clients' legal needs, AOC also helps determine their insurance requirements. This advice is not only beneficial to first-time operators but also helps protect our investment.

In the upcoming year, Support Services will continue serving the distinct needs of AOC and its clients in the most proficient manner possible. As an integral part of our operations, the division is committed to contributing to our future accomplishments.

Through the effective use of technology, AOC's Administration Division is accelerating the implementation of approved loans and investments.

Since proceeding with modernization of our manual accounting and management systems in the early 1980s, we continue to move ahead in the area of computerization.

Our custom software system is constantly being reviewed and upgraded to ensure we are taking advantage of the most efficient technology available within our resources.

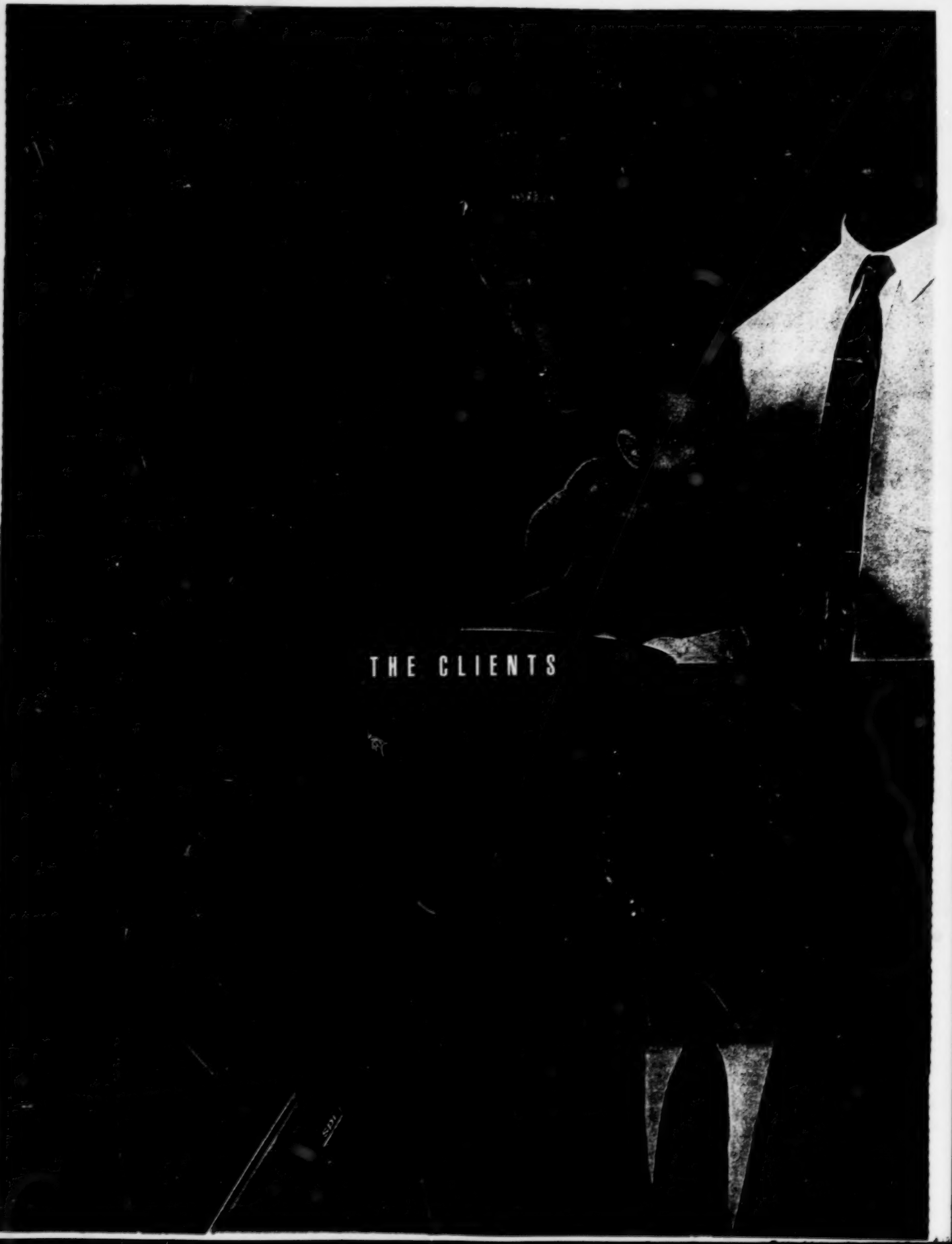
During fiscal year 1991, significant strides were made in improving productivity. Our 12 branch offices were fully computerized, enabling us to process offers of finance in less than 48 hours.

The division is also providing all facets of our organization with an improved flow of information, vital to the competent administration of accounts. In addition, AOC branch offices throughout Alberta were furnished with a time-saving computer program which enables them to examine clients' loan histories on site.

We also concentrated last year on increasing the level of communication between AOC's 125 employees. Through the use of a new electronic mail system staff members are able to quickly send critical messages and files to our affiliate offices.

In addition, emphasis continues to be placed on training staff members in computer spreadsheet, data base and word processing applications to improve our level of proficiency.

It is our goal to further utilize the many technological resources available for improved operational efficiency. Strengthening our administrative capabilities will enable us to more effectively manage AOC's diverse range of activities.


THE CLIENTS

OIL PATCH UNEMPLOYMENT FUELS BUSINESS ASPIRATIONS

TODD KNIGHT, PRESIDENT OF EXPLORATION INNOVATIONS INC

Todd Knight's lay-off as an oil-patch geophysicist four years ago, fuelled his ambition to start his own business. Today, he is the president of Calgary-based Exploration Innovations Inc., a thriving seismic analysis company.

"Ever since I was a child, I knew I'd be self-employed, have my own company at some time," says Knight, whose joblessness propelled him into realizing his goal.

Backed by determination and a unique business idea, Knight unsuccessfully approached three banks for financing before turning to AOC.

"I owe the life of this firm to the good judgement-call the folks at AOC made," he notes.

Since the establishment of Exploration Innovations Inc. in 1987, revenues have increased eight-fold. The initial one-man operation now employs seven people and more staff additions are planned.

Knight's entrepreneurial ambitions have grown along with his company.

"We're trying to evolve as a company. We're trying to use the same fundamentals we've built it with to springboard us ahead into involving ourselves with related things," he says.

"It's going to be a much larger corporation and it's going to be multi-national."

DIAPER SERVICE DELIVERS AFTER NINE MONTHS

DIAPER SERVICE

John McKernan and Sandra McKenzie are pinning down success thanks to a keen business sense and hundreds and hundreds of baby diapers.

Since launching Bottoms Up Diaper Service in November 1990, the couple has been cleaning up on business by effectively meeting the needs of Edmonton's infant population.

"We started with no customers and we projected that by the end of year one, we'd have about 350. We've already surpassed that," says McKernan, 26.

He and 24-year-old McKenzie started the business after recognizing the benefits of supplying an essential service which is increasingly in demand as a result of environmental concerns.

After devoting nine months to developing a thorough business plan, the couple sought out financing but discovered the banks were not interested in their project.

"I think they looked at us and thought we were too young, too whatever. They didn't want to take the risk," explains McKernan, noting the response from AOC's credit officer proved to be just the opposite.

"Right from the very beginning, it didn't appear that he had a doubt about us. Had he decided we weren't worth the gamble, it's pretty doubtful whether we'd be in business."

VENTURE FUNDING HELPING YOUNG COMPANY SHINE

BOYD ENGLISH, PRESIDENT OF SAFETY GLOW CANADA (1988) LTD.

An Edmonton company is lighting its way to success through making innovative use of a phosphorous substance with strong illuminating capabilities.

Safety Glow Canada (1988) Ltd. is making promising progress in manufacturing and marketing glow-in-the-dark safety signage and building materials. Boyd English was so impressed with the potential of Phospho Light products that he traded in his 12-year commercial real estate career to become president of the Edmonton-based company.

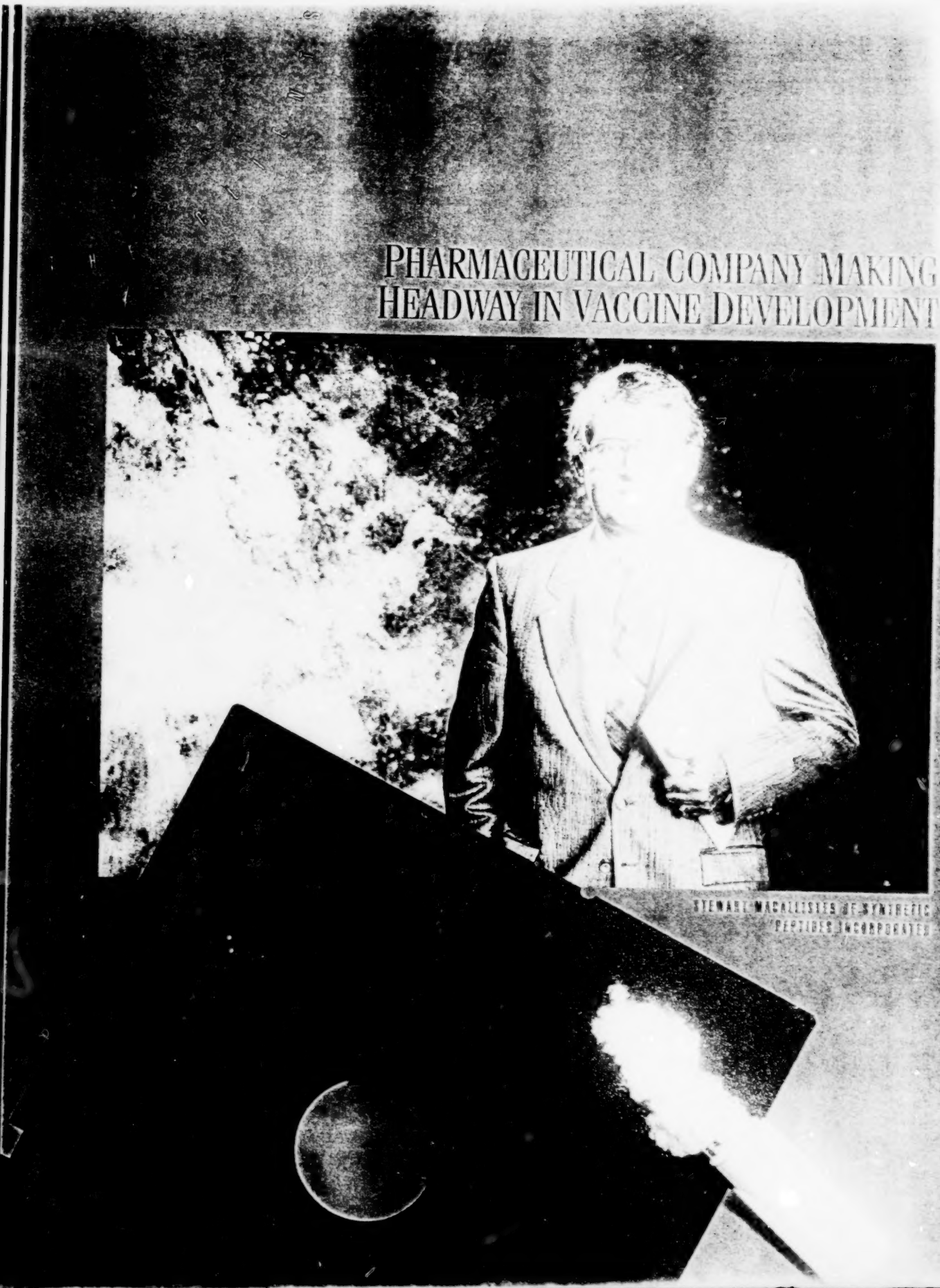
"I continued to invest in the company to the point where I got past what I was able to do with it and approached AOC," says English.

"They have been an excellent partner, have been very easy to work with, very up front. We've never had to concern ourselves with the ethics of our partner."

Phospho Light products have been well-received internationally, with distributors located in the United States, Australia, New Zealand and Denmark. Marketing activities are also planned for Ireland and Chile.

"We've actually had more successes abroad in some cases than we've had locally but we're looking for the Canadian market to be a strong foothold in what we're doing."

PHARMACEUTICAL COMPANY MAKING HEADWAY IN VACCINE DEVELOPMENT



STEWART MACALLISTER OF SYNTHETIC PEPTIDES INCORPORATED

A synthetic vaccine being developed by an Edmonton-based pharmaceutical company is showing excellent potential in combatting certain types of pneumonia.

"We're excited that we now have the vaccine into substantial animal trials. We have obtained some very, very positive results," says Stewart MacAllister, vice-president and general manager of Synthetic Peptides Incorporated.

MacAllister stresses while seed funding has obviously benefitted his company, it also helped give SPI the credibility it needed to attract other serious investors.

"Due diligence included bringing in people to look at our science and our people. AOC gave us a report from the consultants they retained and it indeed showed that some good things were happening in our company . . . that was very important," he explains.

"We believe you can have the best science in the world but if you can't find other investors, what does that say? We think the way AOC looks for the company to raise real equity themselves is a very sound approach."

SPI now has six major investors and more than 400 minor shareholders. It is developing other pharmaceutical products but is concentrating largely on its promising synthetic vaccine project, expected to hit the marketplace in about five years.

FINANCIALS

AUDITOR'S REPORT

ALBERTA LEGISLATURE

OFFICE OF THE AUDITOR GENERAL

To the Board of Directors of the Alberta Opportunity Company

I have audited the balance sheet of the Alberta Opportunity Company as at March 31, 1991 and the statements of revenue and expense and changes in financial position for the year then ended. These financial statements are the responsibility of the Company's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 1991 and the results of its operations and the changes in its financial position for the year then ended in accordance with generally accepted accounting principles.

Donald D. Salmon

Edmonton, Alberta
May 17, 1991

FCA
Auditor General

BALANCE SHEET

MARCH 31, 1991 (in thousands)

ASSETS

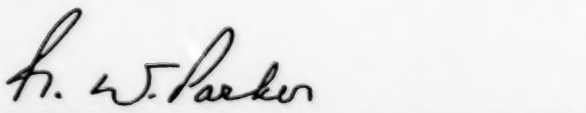
	1991	1990
Cash	$ 8,524	$ 7,292
Accounts receivable	230	273
Property held for sale (Note 3)	1,335	4,113
Loans receivable (Note 4)	125,758	119,402
Venture investments (Note 5)	5,478	6,361
Seed investments (Note 6)	766	223
Fixed assets (Note 7)	682	847
	$142,773	$138,511

LIABILITIES AND ACCUMULATED DEFICIT

Accounts payable and accrued expenses	$ 1,591	$ 1,568
Bank guarantees called	1,615	1,550
Subordinated notes payable (Note 8)	25,718	20,731
Long term debt (Note 9)	150,095	156,693
	179,019	180,542
Accumulated deficit (Note 10)	(36,246)	(42,031)
	$142,773	$138,511

The accompanying notes are part of these financial statements.

Accepted on behalf of the Board:



ROY W. PARKER
President and CEO

JACK DONALD
Chairman

STATEMENT OF REVENUE AND EXPENSE

FOR THE YEAR ENDED MARCH 31, 1991 (in thousands)

REVENUE

	1991	1990
Interest	$ 17,316	$ 15,425
Conference income	222	183
Grant from the Province of Alberta for the assistance of small business	26,450	11,000
	43,988	26,608

EXPENSE

Interest	16,038	17,180
Provision for doubtful accounts and loss on realization (Note 11)	11,666	12,220
Operations (Note 12)	9,411	9,791
Loss on property held for sale (Note 13)	1,088	373
	38,203	39,564
Net income (loss) for the year	$ 5,785	$ (12,956)

STATEMENT OF CHANGES IN FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 1991 (in thousands)

Cash Provided by (used for)

OPERATIONS

	1991	1990
Net income (loss) for the year	$ 5,785	$ (12,956)
Non-cash items:		
Provision for doubtful accounts and loss on realization	11,666	12,220
Depreciation and amortization	178	126
Bad debt recoveries	607	1,244
Property held for sale	3,021	855
Loans receivable:		
Disbursed	(32,668)	(35,289)
Repaid	24,463	30,168
Venture investments:		
Disbursed	(8,567)	(8,239)
Repaid	98	459
Seed investments:		
Disbursed	(1,868)	(447)
Repaid	10	–
Other	118	(787)
	2,843	(12,646)

FINANCING

Subordinated notes:		
Issued	18,000	24,105
Repaid	(13,013)	(3,374)
Long term debt:		
Issued	28,000	31,500
Repaid	(34,598)	(38,607)
	(1,611)	13,624
Increase during the year	1,232	978
Cash at beginning of year	7,292	6,314
Cash at end of year	$ 8,524	$ 7,292

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 1991

NOTE 1. AUTHORITY

The Alberta Opportunity Company operates under the authority of the Alberta Opportunity Fund Act, Chapter A-34, Revised Statutes of Alberta 1980, as amended.

NOTE 2. SIGNIFICANT ACCOUNTING POLICIES

Property held for sale:

Property held for sale is valued at the lower of cost or net realizable value. Provision for loss on realization is determined following a review of properties.

Loans receivable:

Loans are stated net of unearned revenue and allowance for doubtful accounts.

The provision for doubtful accounts is determined following a detailed review of the accounts and is based on the Company's historical experience.

Interest income is recorded on the accrual basis until such time as the loan is classified as non-accrual. Interest on non-accrual loans is recognized as revenue when received.

Venture investments:

Venture investments are recorded at cost less an allowance for loss on realization.

Provision for loss on realization of venture investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. A general provision of 25% of the balance of the portfolio is also recognized.

Interest and dividends on venture investments are recorded as income when received.

Seed investments:

Seed investments are recorded at cost less an allowance for loss on realization.

Provision for loss on realization of seed investments is determined following a detailed review of the investments and specific provisions are made for those investments known to be in difficulty. In the absence of historical experience, a general provision of 50% of the balance of the portfolio is also recognized.

Interest and dividends on seed investments are recorded as income when received.

Fixed assets:

Equipment is valued at cost less accumulated depreciation. Depreciation is calculated on a straight line basis at rates of 15% and 20% per annum.

Leasehold improvements are valued at cost less accumulated amortization. Amortization is calculated over the remaining term of each lease.

Grant from the Province of Alberta for the assistance of small business:

The Province of Alberta maintains the financial viability of the Company by granting money appropriated for this purpose. The grant from the Province of Alberta is recorded as revenue in the year for which it is approved.

NOTE 3. PROPERTY HELD FOR SALE (in thousands)

	1991	1990
Cost	$ 3,648	$ 6,669
Less: Allowance for loss on realization (Note 11)	2,313	2,556
	$ 1,335	$ 4,113

NOTE 4. LOANS RECEIVABLE (in thousands)

	1991	1990
Loans and accrued interest receivable	$138,196	$132,669
Less: Allowance for doubtful accounts (Note 11)	12,438	13,267
	$125,758	$119,402

NOTE 5. VENTURE INVESTMENTS (in thousands)

	1991	1990
Convertible debentures	$ 537	$ 3,445
Preferred shares	4,793	4,340
Common shares	8,555	8,832
Shareholder loans	733	259
	14,618	16,876
Less: Allowance for loss on realization (Note 11)	9,140	10,515
	$ 5,478	$ 6,361

NOTE 6. SEED INVESTMENTS (in thousands)

	1991	1990
Preferred shares	$ 780	$ 100
Common shares	1,445	347
Shareholders loans	80	–
	2,305	447
Less: Allowance for loss on realization (Note 11)	1,539	224
	$ 766	$ 223

NOTE 7. FIXED ASSETS (in thousands)

	Equipment	Leasehold Improvements	1991	1990
Cost	$1,377	$ 210	$1,587	$1,574
Less: Accumulated depreciation/ amortization	744	161	905	727
	$ 633	$ 49	$ 682	$ 847

NOTE 8. SUBORDINATED NOTES PAYABLE

Financing made available by the General Revenue Fund of the Province of Alberta in support of the Company's venture investments and seed investments is provided on issue of subordinated notes payable. The notes rank subordinate to all monies advanced to the Company secured by debentures issued to the Alberta Heritage Savings Trust Fund. Repayment terms of the notes require repayment of the principal sum without interest on the disposition of an investment or on demand by the Province. Negotiations are being pursued which will provide the Province with a sharing in gains on disposition of an investment following elimination of the Company's accumulated deficit.

NOTE 9. LONG TERM DEBT (in thousands)

The following debenture debt series comprise debentures issued in varying amounts, rates of interest and maturity dates to the Province of Alberta and held by the Alberta Heritage Savings Trust Fund:

	Issued	Interest Rates	Maturity Dates	Balance Outstanding
Series C	$91,000	8.06% to 11.00%	December 15, 1991 to February 28, 1994	$31,800
Series D	30,000	11.28%	March 31, 1997	41,271
Series E	84,500	10.07% to 11.67%	March 31, 1997 to March 28, 1999	77,024
	$225,500			$150,095

Principal repayments are scheduled as follows: for the year ending March 31,

1992	$ 31,304	1996	$ 20,088
1993	26,180	1997	22,354
1994	18,224	1998	9,059
1995	18,053	1999	4,833
			$150,095

NOTE 10. ACCUMULATED DEFICIT (in thousands)

	1991	1990
Balance, beginning of year	$(42,031)	$(29,075)
Net income (loss) for the year	5,785	(12,956)
Balance, end of year	$(36,246)	$(42,031)

NOTE 11. PROVISION FOR DOUBTFUL ACCOUNTS AND LOSS ON REALIZATION (in thousands)

	Property Held for Sale	Loans Receivable	Venture Investments	Bond Investments	1991	1990
Allowance, beginning of year	$ 2,536	$ 13,267	$ 10,515	$ 224	$ 26,562	$ 20,489
Provision	(243)	1,242	9,352	1,315	11,666	12,220
Bad debt recoveries	-	607	-	-	607	1,244
Accounts written off	-	(2,678)	(10,727)	-	(13,405)	(7,391)
Allowance, end of year	$ 2,313	$ 12,438	$ 9,140	$ 1,539	$ 25,430	$ 26,562

NOTE 12. OPERATIONS (in thousands)

	Loans	Ventures	Bond Conference		1991	1990
Salaries and benefits	$ 4,968	$ 666	$ 331	$ 152	$ 6,117	$ 5,350
Board of Directors fees	109	15	8	3	135	139
Legal and other fees	300	294	35	1	830	1,231
Communications	460	139	58	248	925	1,031
Other operating	1,032	257	71	44	1,404	1,840
	$ 7,069	$ 1,391	$ 503	$ 448	$ 9,411	$ 9,791

NOTE 13. LOSS ON PROPERTY HELD FOR SALE (in thousands)

The loss represents the net operating results and disposals on businesses and properties being managed until sold. These were acquired from borrowers whose businesses defaulted on loans.

	Operating Results	Disposals	1991	1990
Revenue/sale proceeds	$ 334	$ 2,402	$ 2,936	$ 4,966
Expenses/acquisition costs	600	3,224	4,824	5,339
Net (loss) for the year	$ (266)	$ (822)	$ (1,888)	$ (373)

NOTE 14. CONTINGENT LIABILITIES (in thousands)

Guarantees of bank loans:

The Company is contingently liable as a guarantor of bank loans aggregating $1,120 ($1,163 - 1990).

Legal actions:

There are five claims totalling approximately $2,350 (forty eight claims totalling approximately $36,181 - 1990) against the Company. The Company considers that a valid defense exists in each instance and no material loss is anticipated.

NOTE 15. COMMITMENTS (in thousands)

Authorizations undisbursed:

	1991	1990
Loans	$ 8,121	$ 13,254
Guarantees	250	120
Venture investments	1,668	6,604
Seed investments	320	817
	$ 10,359	$ 20,795

NOTE 16. COMPARATIVE FIGURES

The 1990 figures have been reclassified where necessary to conform to 1991 presentation.

LOANS, GUARANTEES & EQUITY INVESTMENTS

AUTHORIZATIONS TO MARCH 31, 1991

	1991		1990		1989		1988	
	#	$	#	$	#	$	#	$
Applications Received	1139	205,675,900	1113	284,458,300	995	126,605,300	1144	150,611,800
AUTHORIZATIONS MADE	412	34,484,800	428	46,186,800	347	34,518,100	391	46,048,600
Average Amount		83,700		107,900		99,500		117,800
Median Amount		45,000		49,300		42,800		45,000
AUTHORIZATIONS BY SIZE								
50,000 & Under	230	4,845,000	217	4,795,800	195	4,116,100	218	4,642,600
50,001 to 100,000	88	6,716,600	90	6,609,900	53	4,022,600	64	4,714,100
100,001 to 200,000	56	8,126,300	75	11,200,100	61	8,749,200	66	9,333,900
200,001 to 500,000	31	8,616,900	32	9,228,000	25	7,505,200	31	8,668,000
Over 500,000	7	6,180,000	14	14,353,000	13	10,125,000	12	18,690,000
AUTHORIZATIONS BY PURPOSE								
Establish New Business	95	5,052,400	89	4,141,700	79	3,049,000	81	8,509,200
Expand Existing Business	231	20,114,000	256	33,274,000	209	25,562,700	219	28,997,500
Purchase Existing Business	86	9,318,400	83	8,771,100	59	5,906,400	91	8,541,900
AUTHORIZATIONS BY REGION								
Northern Alberta	103	10,396,700	122	11,360,400	91	9,093,300	108	16,189,000
Central Alberta	79	7,692,800	71	6,875,600	71	5,094,100	75	7,938,000
Southern Alberta	86	5,476,200	76	7,139,400	59	4,304,200	61	4,288,100
Edmonton	69	5,485,300	61	11,795,000	64	9,075,500	73	9,504,000
Calgary	75	5,433,800	98	9,016,400	62	6,951,000	74	8,129,500

TOTAL AUTHORIZATIONS BY REGION (To March 31, 1991)

REGION	#	$
Northern Alberta	1499	$ 164,029,600
Central Alberta	1179	125,032,300
Southern Alberta	1333	129,486,600
Edmonton	824	88,586,200
Calgary	973	95,465,500

LIST OF OFFICES

LENDING DIVISION

BROOKS
Brooks School District Office
408 - 1st Street West
P.O. Box 307 T0J 0J0
Telephone: (403) 362-1270
Resident Commercial Credit Officer: B.F. Haffner

CALGARY
Suite 790
10655 Southport Road, S.W.
T2W 4Y1
Telephone: (403) 297-6437
Manager: J. D. Ablett

EDMONTON
1275 Weber Centre
5555 Calgary Trail T6H 5P9
Telephone: (403) 427-2140
Manager: A. M. Fouiston

EDSON
4924 - 1st Avenue
P. O. Box 7110 T7E 1V4
Telephone: (403) 723-8233
Resident Commercial Credit Officer: A. Kuechle

GRANDE PRAIRIE
#304 Richmond Square Bldg.
9804 - 100 Avenue T8V 0T8
Telephone: (403) 538-5220
Manager: K. B. Sutherland

LETHBRIDGE
Suite 301
714 - 5 Avenue S. T1J 0V1
Telephone: (403) 381-5474
Manager: R. A. Fredrickson

LLOYDMINSTER
5019 - 50 Street T9V 0L9
Telephone: (403) 871-6490
Resident Commercial Credit Officer: B. D. Hooper

MEDICINE HAT
Suite 202 Royal Bank Bldg.
578 - 3rd Street S.E.
T1A 0H3
Telephone: (403) 529-3594
Manager: G. J. Pollock

PEACE RIVER
9809 - 98 Avenue T8S 1J5
Telephone: (403) 624-6387
Manager: H. M. Caveny

PONOKA
5110 - 49 Avenue
P. O. Box 1860 T0C 2H0
Telephone: (403) 783-7011
Manager: G. D. Noe

RED DEER
#401 Parkland Square Bldg.
4901 - 48 Street T4N 6M4
Telephone: (403) 340-5551
Manager: E. B. Shmyr

ST. PAUL
Suite 200, 4341 - 50 Avenue
P. O. Box 105 T0A 3A0
Telephone: (403) 645-6356
Manager: A. L. Tessier

VENTURE FUNDING DIVISION

CALGARY
Suite 790
10655 Southport Road, S. W.
T2W 4Y1
Telephone: (403) 297-6437

EDMONTON
1405 Canada Trust Tower
10104 - 103 Avenue
T5J 0H8
Telephone: (403) 428-6118
Manager: R. A. Roy

SEED FUNDING DIVISION

CALGARY
Suite 790
10655 Southport Road, S. W.
T2W 4Y1
Telephone: (403) 297-6437

EDMONTON
1275 Weber Centre
5555 Calgary Trail
T6H 5P9
Telephone: (403) 427-2140

CONFERENCE DIVISION

1275 Weber Centre
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Director, Corporate Marketing:
Balan Mathews